

**AGENDA**



**Recommendation for Council Action**

**AUSTIN CITY COUNCIL**

**Regular Meeting: May 10, 2018**

Item Number: **088**

**Public Hearing and Possible Action**

Conduct a public hearing and consider a resolution to be submitted to the Texas Department of Housing and Community Affairs by THF Oaks on Lamar, LP, or an affiliated entity, supporting an allocation of low income housing tax credits for the proposed rehabilitation of an affordable multi-family development to be known as Oaks on Lamar located at 8071 North Lamar Boulevard (currently known as Santa Maria Village), and acknowledging that the City of Austin has more than twice the state average of units per capita supported by low income housing tax credits or private activity bonds at the time of application.

**District(s) Affected:** District 4

|                             |  |
|-----------------------------|--|
| <b>Lead Department</b>      | Neighborhood Housing and Community Development.  |
| <b>Fiscal Note</b>          | This item has no fiscal impact.  |
| <b>For More Information</b> | Rosie Truelove, Director, Neighborhood Housing and Community Development, 512-974-3064; Mandy DeMayo, Community Development Administrator, Neighborhood Housing and Community Development, 512-974-1091. |

**Additional Backup Information:**

If approved, this resolution will be submitted by the THF Oaks on Lamar, LP, or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) with its application for non-competitive 4% tax credits for the rehabilitation of affordable multi-family rental housing located at 8071 North Lamar Boulevard. The property is located in District 4.

### **Twice the State Average Per Capita**

Texas Government Code, §2306.6703(a)(4), requires an applicant to obtain prior approval from the local governing body for an allocation of tax credits for a proposed housing development when the municipality has more than twice the state average of units per capita supported by housing tax credits or private activity bonds.

On July 27, 2017, TDHCA updated its Housing Tax Credit Site Demographic Characteristics Report, and with recent competitive and non-competitive awards of tax credits for Austin developments, Austin now has more than twice the state average per capita of tax credit and private activity bond-financed units. There are 172 cities in Texas that exceed twice the state average per capita.

The figures TDHCA used for Austin's population came from the 2010-2014 American Community Survey (ACS). The ACS population figure for Austin is 864,218 and the number of tax credit or bond-financed units in Austin is 16,237. TDHCA calculates the state average per capita rate to be 0.00932365 as of August 10, 2017. Twice the state average per capita rate is 0.0186473. According to TDHCA, the Austin per capita rate is more than twice the state average at 0.01878808 units per capita.

### **Proposed Project**

THF Oaks on Lamar, LP, is planning to rehabilitate a 176-unit multi-family development located at 8071 North Lamar Boulevard, which would be 100% affordable to households with incomes at or below 60% Median Family Income (MFI), currently \$48,840 for a 4-person household. The development, to be known as the Oaks on Lamar Apartments, is proposed to be partially funded with 4% Low Income Housing Tax Credits and Private Activity Bonds issued by Texas Department of Housing and Community Affairs (TDHCA). No funding from the Austin Housing Finance Corporation is being requested.

### **Estimated Sources of Funds**

| <b><u>Sources</u></b>  |                        | <b><u>Uses</u></b>         |                         |
|------------------------|------------------------|----------------------------|-------------------------|
| Tax Credit Equity      | \$ 9,336,750.00        | Acquisition Costs          | \$ 13,000,000.00        |
| Private Activity Bonds | \$ 16,000,000.00       | Hard Costs                 | \$ 7,724,640.00         |
| Deferred Developer Fee | \$ 1,955,812.00        | Soft Financing Costs       | \$ 2,763,137.00         |
| <b>TOTAL</b>           | <b>\$27,292,562.00</b> | Reserves and Developer Fee | \$ 3,804,785.00         |
|                        |                        | <b>TOTAL</b>               | <b>\$ 27,292,562.00</b> |

### **Project Characteristics**

- 28 one-bedroom units (approximately 630 square feet).
- 102 two-bedroom units (approximately 730 square feet).
- 46 three-bedroom units (approximately 860 square feet).

### **Population Served**

- 100% of units will be reserved for individuals or families with incomes at or below 60% MFI, currently \$34,200 for a single-person household and \$48,840 for a 4-person household.

**Current Property Tax Status and Future Impact**

The property is not currently tax exempt according to the Travis Central Appraisal District (TCAD). TCAD will determine whether the use of this property will be eligible for any exemptions after the property is rehabilitated.

**THF Oaks on Lamar, LP**

The development will be owned by THF Oaks on Lamar, LP, an affiliate of Texas Housing Foundation (THF), a non-profit Texas Regional Housing Authority. The THF was created to provide a tool to create, develop, administer, manage, and provide services to affordable housing projects through related business entities and for the residents and communities in which they are located. Through 2013, over \$140M has been financed to develop over 1400 units.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Application here:

<http://austintexas.gov/page/fy-17-18-funding-applications>.